
LEGISLATION AND POLICY

Conventional Arms Transfers to Developing Nations, 1991-1998

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[The following are extracts from an unclassified report of conventional arms transfers to developing nations as published under the above title by the Library of Congress on July 31, 1999. Macro data on worldwide arms transfer agreements and deliveries are also included. The selections included herein begin with a discussion of major research findings regarding the dollar value of both arms transfer agreements and arms deliveries to the developing countries from 1991 through 1998. These findings are all cross-referenced to comparative data tables which are presented following the textual material. Special attention is given to the roles of the United States, the former Soviet Union, and China as arms suppliers, and to identification of the leading Third World arms recipient nations. The report concludes with a listing of the type and quantity of weapons delivered to developing nations by major arms suppliers in the 1991-1998 time period. Copies of the complete document are available from the Foreign Affairs and National Defense Division, Congressional Research Service, The Library of Congress, Washington DC 20540.]

Introduction

This report provides unclassified background data from U.S. government sources on transfers of conventional arms to developing nations by major suppliers for the period 1991 through 1998. It also includes some data on world-wide supplier transactions. It updates and revises the report entitled "Conventional Arms Transfers to Developing Nations, 1990-1997," published by the Congressional Research Service (CRS) on July 31, 1998 (CRS Report 98-647F).

The data in the report illustrate how global patterns of conventional arms transfers have changed in the post-Cold War and post-Persian Gulf War years. Relationships between arms suppliers and recipients continue to evolve in reaction to changing political, military, and economic circumstances. Despite global changes since the Cold War's end, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. The developing nations category, as used in this report, includes all countries except the United States, Russia, European nations, Canada, Japan, Australia, and New Zealand. During the period of this report, 1991-1998, conventional arms transfers to developing nations have comprised 69.4% of the value of all international arms transfers. In 1998, arms transfer agreements, which represent orders for future delivery, with developing nations fell notably from 1997 totals, but still comprised 57.3% of the value of all such agreements globally. The portion of agreements with developing countries constituted 66.4% of all agreements globally from 1995-

1998. In the period from 1995-1998, deliveries of conventional arms to developing nations represented 76.7% of the value of all international arms deliveries. In 1998, arms deliveries to developing nations constituted over 77.8% of the value of all such arms deliveries worldwide.

The data in this new report completely supersede all data published in previous editions. Since these new data for 1991-1998 reflect potentially significant updates to and revisions in the underlying databases utilized for this report, only the data in the most recent edition should be used. The data are expressed in U.S. dollars for the calendar years indicated, and adjusted for inflation. U.S. commercially licensed arms exports are noted separately. Excluded are arms transfers by any supplier to subnational groups.

Calendar Year Data Used

All arms transfer and arms delivery data in this report are for the calendar year or calendar year period given. This applies to both U.S. and foreign data alike. United States government departments and agencies publish data on U.S. arms transfers and deliveries but generally use the United States fiscal year as the computational time period for these data. (A U.S. fiscal year covers the period from October 1 through September 30). As a consequence, there are likely to be distinct differences noted in those published totals using a fiscal year basis and those provided in this report which uses a calendar year basis for its figures. Details regarding data used are outlined in footnotes at the bottom of Tables 1, 2, 8 and 9.

Constant 1998 Dollars

Throughout this report values of arms transfer agreements and values of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. In many instances, the report converts these dollar amounts (current dollars) into constant 1998 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. The deflators used for the constant dollar calculations in this report are those provided by the Department of Defense and are set out at the bottom of Tables 1, 2, 8 and 9. Unless otherwise noted in the report, all dollar values are stated in constant terms. Because all regional data tables are composed of four-year aggregate dollar totals (1991-1994 and 1995-1998), they must be expressed in current dollar terms. Where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in current dollars.

Major Findings

General Trends in Arms Transfers Worldwide

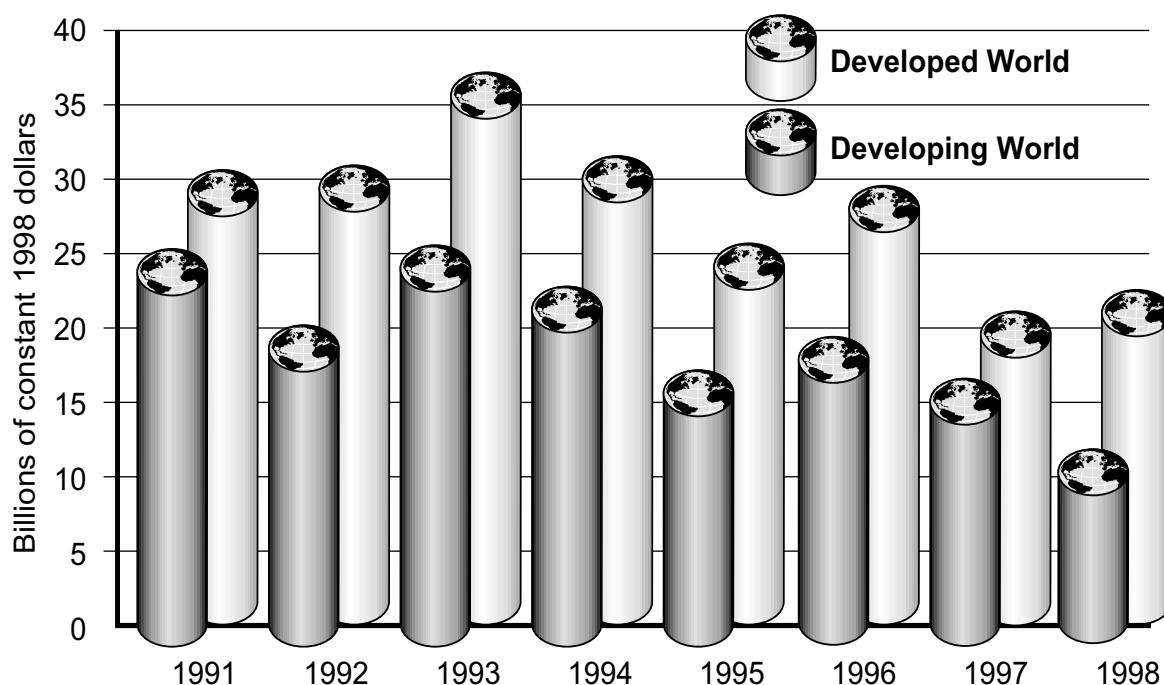
The value of all arms transfer agreements worldwide (to both developed and developing nations) in 1998 was nearly \$23 billion. This is an increase in arms agreements values over 1997. This total, however, is substantially lower than most years since 1991 – the period overlapping the end of the Cold War and the years of post-Persian Gulf war rearmament (Chart 1)(Table 8A).

In 1998, the United States led in arms transfer agreements worldwide, making agreements valued at \$7.1 billion (30.8% of all such agreements), up from \$5.7 billion in 1997. Germany

ranked second with \$5.5 billion in agreements (23.9% of these agreements globally), up significantly from about \$600 million in 1997. France ranked third, as its arms transfer agreements worldwide dropped notably from \$5 billion in 1997 to \$3 billion in 1998. The United States, Germany, and France, collectively, made agreements in 1998 valued at \$15.6 billion, 67.8% of all international arms transfer agreements made by all suppliers (Tables 8A and 8B).

Chart 1

**Arms Transfer Agreements Worldwide 1991-1998
Developed and Developing Worlds Compared**



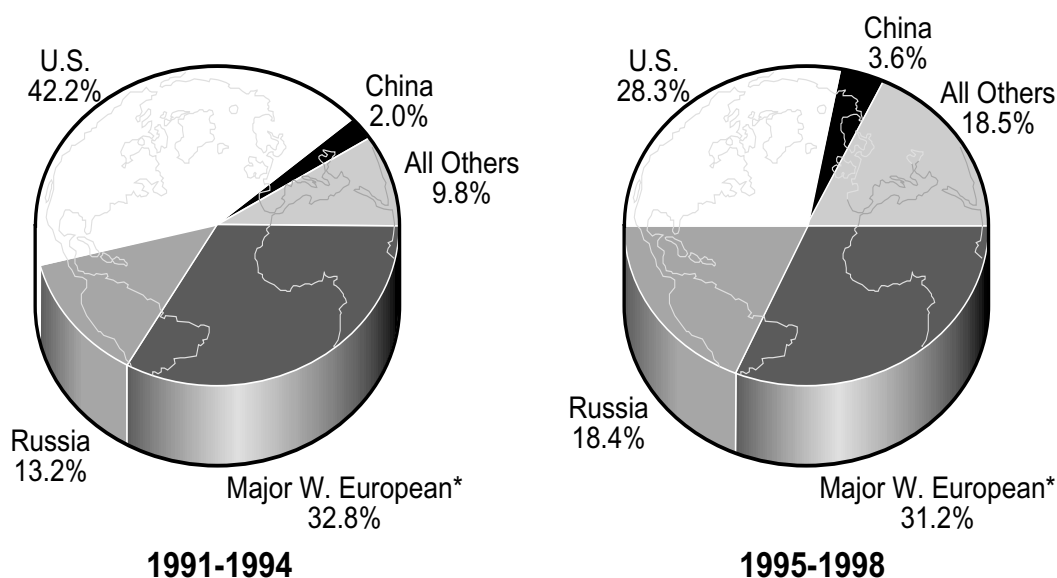
For the period 1995-1998, the total value of all international arms transfer agreements (about \$100.3 billion) has been notably less than the worldwide value during 1991-1994 (\$130.6 billion), a decline of 23.2%. As the worldwide arms transfer agreement totals have declined, so have those to the developing world. During the period 1991-1994, developing world nations accounted for 71.7% of the value of all arms transfer agreements made worldwide. During 1995-1998 developing world nations accounted for 66.4% of all arms transfer agreements made globally. In 1998, developing nations accounted for 57.3% of all arms transfer agreements made worldwide (Table 8A).

In 1998, the United States ranked first in the value of all international arms deliveries, making \$10.5 billion in such deliveries or 35.3%. This is the eighth year in a row that the United States has led in global arms deliveries, reflecting, in particular, implementation of arms transfer agreements made during and in the aftermath of the Persian Gulf war. France ranked second in worldwide arms deliveries in 1998, making \$6.5 billion in such deliveries. The United Kingdom ranked third in 1998, making \$5.3 billion in such deliveries. These top three suppliers of arms in

1998 collectively delivered over \$22.3 billion, 74.9% of all arms delivered worldwide by all suppliers in that year.

The value of all international arms deliveries in 1998 was over \$29.8 billion. This is a notable decrease in the total value of arms deliveries from the previous year (\$37.8 billion). The total value of all such arms deliveries worldwide from 1995-1998 (\$131.2 billion) was a notable increase in the value of arms deliveries by all suppliers worldwide from 1991-1995 (about \$120.4 billion) (Tables 9A and 9B).

Chart 2
Arms Transfer Agreements Worldwide
(Supplier Percentage of Value)



* (France, United Kingdom, Germany and Italy)

Developing world nations from 1995-1998 accounted for 76.7% of the value of all international arms deliveries. In the earlier period, 1991-1994, developing world nations accounted for 69.4% of the value of all arms deliveries worldwide. Most recently, in 1998, developing nations collectively accounted for 77.8% of the value of all international arms deliveries (Tables 2A, 9A and 9B).

Competition for available arms sales continues to intensify among major weapons suppliers. The limited resources of most developing nations to expend on weapons and the need of many selling nations to secure cash for their weapons continue to place constraints on significant expansion of the arms trade. Developed nations are likely to continue to seek to protect important elements of their own national military industrial bases and consequently, are likely to limit their weapons purchases from one another. In these circumstances, those nations that have effectively restructured and consolidated their defense industries seem most likely to be the key players in the international arms marketplace emerging in the post-Cold War era. Some traditional arms supplying nations may feel compelled to engage in more joint production ventures to maintain their defense industries. A continuing trend is the effort by various weapons exporters to maintain

and expand arms sales to nations and regions where they have competitive advantages due to prior political/military ties to the prospective buyers. New arms sales opportunities may develop with some European nations in the new century due to the expansion of NATO, although, to date, marketing efforts have not resulted in major weapons sales to new NATO member states. The cost of new weaponry and the limited financial resources of these new NATO members have been important impediments to significant new purchases. Such nations, therefore, may focus in the near term on upgrading their existing weapons systems in various ways that require fewer major financial outlays.

It is possible that some significant arms sales may develop in the Near East, Asia and Latin America, as individual countries attempt to replace older military equipment. However, much of the developing world has not recovered from recent major international financial problems. The 1997-1998 fall in the price of crude oil, which has only recently abated, created great financial difficulties for some Persian Gulf states. Saudi Arabia, in particular, has found itself in significant financial straits, given the various obligations it undertook during and after the 1990-1991 Persian Gulf War, domestic spending priorities, and the magnitude of the costs associated with its arms procurement program. Most recently, Saudi Arabia has even had problems meeting its monthly payments to the United States for existing weapons contracts, a situation that would have not seemed possible in the 1980s and early 1990s. Although in 1999 the price of crude oil has risen significantly, this fact does not necessarily mean that major oil producing nations in the developing world, in particular Saudi Arabia, will soon launch new and expensive weapons purchasing programs, given the debts they have accrued. Other Persian Gulf nations, most notably, the United Arab Emirates (U.A.E.), have made measured, but significant, purchases of advanced weapons systems. The sound financial situation of the U.A.E. has made it a key target for major arms suppliers, and has also given that nation significant leverage in bargaining over new arms contracts in the current environment. The Asian financial crisis of 1997 led to a major curtailment of planned weapons purchases by several nations in that region. While the economic situation in Asia appears to have stabilized somewhat, there does not yet appear to be a financial environment that would lead to resumption of most of the arms procurement plans that had been under way in several Asian nations when the financial crisis struck.

Despite interest by some Latin American states in modernizing older military equipment, domestic budget constraints have so far curtailed implementation of such plans. The lack of sufficient national funds and/or the scarcity of financing credits has also led other developing nations to defer or curtail purchases of weapons. This general international economic environment suggests that, in the near term, major weapons purchases will be by the few more affluent developing countries, and that much of the remainder of the weapons trade will be based on the upgrading and maintenance of existing weapons systems and related equipment.

General Trends in Arms Transfers to Developing Nations

The value of all arms transfer agreements with developing nations in 1998 was nearly \$13.2 billion. This was the lowest total, in real terms, since 1991. The total value of new arms transfer agreements with developing nations has generally declined since 1993 (Table 1A). In 1998, the value of all arms deliveries to developing nations (\$23.2 billion) was a substantial decrease from the value of 1997 deliveries values (\$30.3 billion) (Table 2A).

Recently, from 1995-1998, the United States, Russia and France have dominated the arms market in the developing world, with the United States and Russia making nearly the same level

of arms transfer agreements. From 1995-1998, the United States made nearly \$15.6 billion in arms transfer agreements with developing nations, 23.4% of all such agreements. Russia, the second leading supplier during this period, made nearly \$15.6 billion in arms transfer agreements or 23.4%. France, the third leading supplier, made \$11.1 billion or 16.7% of all such agreements with developing nations during these years. In the earlier period, (1991-1994) as the Cold War was ending, the United States ranked first with nearly \$31 billion in arms transfer agreements with developing nations or 33.1%, France made nearly \$26.2 billion in agreements or about 28%. Russia made \$15.2 billion in arms transfer agreements during this period or 16.2% (Table 1A).

Throughout the 1990s, most arms transfers to developing nations were made by two to three major suppliers in any given year. The United States has ranked either first or second among these suppliers every year from 1991-1998, with the sole exception of 1997. France has been the most consistent competitor for the lead in arms transfer agreements with developing nations, ranking first in 1992, 1994 and 1997. As competition over a shrinking international arms market intensifies, France seems more likely to rank higher in arms deals with developing nations than Russia, a supplying nation with seemingly more significant limitations in its prospective arms client base than other major western suppliers. Major arms suppliers like the United Kingdom and Germany may from time to time conclude significant orders with developing countries. Yet it seems that, at the turn of the new century, the United States is best positioned to lead in new arms agreements with developing nations. At the same time it seems likely that very large weapons orders from individual developing nations will be less frequent in the near term. As a consequence, the overall level of the arms trade is likely to remain fairly static in the foreseeable future, not approaching the sales levels of the Cold War or Persian Gulf War periods.

Nations in the tier of suppliers below the United States, France, Russia, and the United Kingdom, such as Germany, China, other European, and non-European suppliers, have been sporadic participants in the arms trade with developing nations. Most of their annual arms transfer agreements totals during 1991-1998 are at relatively low levels. Few of these countries are likely to be major suppliers of advanced weaponry on a sustained basis. With some exceptions, most of them are much more likely to make sales of less sophisticated and less expensive military equipment (Tables 1A, 1F, 1G, 2A, 2F and 2G).

United States

In 1998, the total value, in real terms, of U.S. arms transfer agreements with developing nations rose significantly to about \$4.6 billion from \$2.6 billion in 1997. The U.S. share of the value of all such agreements was 34.7% in 1998, a substantial increase from 15.7% in 1997 (Tables 1A and 1B).

The increase in United States arms transfer agreements with developing nations in 1998 is primarily attributable to a large number of less costly purchases by key U.S. clients in the Near East. U.S. arms transfers to developing nations in 1998 reflect the continuation of established defense support arrangements, including weapons systems upgrades, training and support services, and the purchase of air-to-air, air-to-ground, and anti-ship missile systems, helicopters, spare parts and ammunition. Among such items sold by the United States in 1998 to Saudi Arabia were AIM-9L missile upgrades, 90mm weapons systems for armored vehicles, various support services to upgrade the capabilities of the Saudi Arabia National Guard (SANG), and the Saudi C3 system, among others. Egypt purchased CH-47D Chinook helicopters, support for co-production of M88A2 recovery vehicles, and AGM-84G Harpoon missiles. The Kuwait

government ordered 2 Paladin artillery battalions, and a Patriot air defense system. Israel ordered AGM-142D missiles, AIM-120B AMRAAM missiles, and Harpoon missiles. The United Arab Emirates ordered RGM-84G Harpoon missiles. In Asia, South Korea purchased MK-41 vertical launch missiles systems and support, MLRS-ER rocket pods, MLRS spare parts, and F-16 aircraft modification kits. Taiwan purchased Harpoon missiles and MK-46 torpedoes. Singapore ordered KC-135 tanker upgrades and support services. Although new arms sales involving major weapons systems may develop for the United States as international economic conditions improve, in the near term it appears likely that an important component of U.S. arms transfers will continue to be upgrades, spare parts, missiles, ammunition, and training related to major weapons systems the United States has previously provided to its clients.

Russia¹

The total value of Russia's arms transfer agreements with developing nations fell from about \$3.2 billion in 1997, to \$1.4 billion in 1998, placing it fourth in such agreements with the developing world. Russia's share of all developing world arms transfer agreements decreased as well, falling from 18.9% in 1997 to 10.6% in 1998 (Tables 1A, 1B and 1G).

Russia's arms transfer agreements totals with developing nations declined every year from 1995 until 1998, although during this four-year period it actually ranked second among all major suppliers to developing countries, making \$15 billion in agreements. Its arms agreements values ranged from a high of \$8.3 billion in 1991 to a low of \$1.3 billion in 1993 (in constant 1998 dollars). This decline in arms sales reflects the continuing effect of the economic and political problems of the former Soviet Union as the Cold War drew to a close. Many of Russia's traditional arms clients have been less wealthy developing nations that were once provided generous grant military assistance and deep discounts on arms purchases. The breakup of the Soviet Union at the end of 1991 terminated that practice. Russia now actively seeks to sell weapons as a means of obtaining hard currency. Some of Russia's former arms clients in the developing world continue to express interest in obtaining additional weaponry from it but have been restricted in this effort by a lack of funds to pay for these armaments.

Russia has confronted significant difficulties in making lucrative new sales of conventional weapons because most potential cash-paying arms purchasers have been longstanding customers of the United States or major West European suppliers. These prospective arms buyers are not likely to replace their weapons inventories with unfamiliar non-Western armaments when newer versions of existing equipment are readily available from traditional suppliers, even in an era of heightened competition. The difficult transition Russia has been making from the state supported and controlled industrial model of the former Soviet Union has also led some prospective arms customers to question whether Russian defense companies can be reliable suppliers of the spare parts and support services needed to maintain weapons systems they sell.

But because Russia has had a wide range of armaments to sell, from the most basic to the highly sophisticated, and despite the internal problems evident in the Russian defense industrial

¹Russia is used throughout the text, tables and charts, although data for all years prior to 1992 represent transactions of the former Soviet Union as a whole. Russia was by far the principal arms producer and exporter of all the former Soviet republics, and the political center for decision-making by the former Soviet Union. Data for 1992-1998 are for Russia exclusively.

sector, various developing countries view Russia as a potential source of their military equipment. Accordingly, Russia has made strong efforts to gain arms agreements with developing nations that can pay cash for their purchases, and the figures from 1994 through 1997 suggest Russia has had some success in doing so. During this period, Russia also made small arms deals with Kuwait and the United Arab Emirates for armored fighting vehicles and with Malaysia for MiG-29 fighter aircraft. Iran, primarily due to its own economic problems, as well as U.S. pressure on Russia, recently has ceased to be a major purchaser of arms from the Russians. Before the Cold War ended, Iran was a primary purchaser of Russian armaments, receiving such items as MiG-29 fighter aircraft, Su-24 fighter-bombers, T-72 tanks and Kilo class attack submarines. Syria, deeply in debt to Russia for earlier large-scale arms purchases from the former Soviet Union, is seeking newer Russian equipment but may not be able to afford it without financial assistance.

Since 1994, Russia's principal arms clients have been China and India. Among Russia's most notable arms deals during these years were the sale of 40 new Su-30MK fighter aircraft to India, a longstanding arms client. Russia's arms supplying relationship with China has also matured since 1994. By 1996, Russia had sold China at least 72 Su-27 fighter aircraft as well as four Kilo class attack submarines. Subsequently, a licensing agreement was finalized between Russia and China, permitting China to co-produce as many as 200 Su-27 aircraft. Russia also sold China two Sovremenny-class destroyers. Although there were no large new arms agreements with China or India in 1998, others may be in prospect as it appears that China, in particular, is a key component in Russia's arms export calculus for the immediate future.

China

China emerged as an important arms supplier to developing nations in the 1980s, primarily due to arms agreements made with both combatants in the Iran-Iraq war. In the period of this report, the value of China's arms transfer agreements with developing nations peaked in 1997 at \$1.6 billion. From 1991 through 1998 the value of China's arms transfer agreements with developing nations has averaged about \$720 million annually. In 1998, the value of China's arms transfer agreements with developing nations was \$500 million. China has become, more recently, a major purchaser of arms, primarily from Russia (Tables 1A).

Since the end of the Iran-Iraq war, few clients with financial resources have sought to purchase Chinese military equipment, much of which is less advanced and sophisticated than weaponry available from Western suppliers and Russia. China does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. Reports have persisted in various publications that China has sold surface-to-surface missiles to a longstanding arms client, Pakistan. Iran and North Korea have also reportedly received Chinese missile technology. Such reports raise important questions about China's expressed commitment to the restrictions on missile transfers set out in the Missile Technology Control Regime (MTCR). With a need for hard currency and products (missiles) that some developing nations would like to obtain, China may pose an important problem for those seeking to stem proliferation of advanced missile systems into volatile areas of the developing world.

Major West European Countries

The four major West European suppliers (France, United Kingdom, Germany, and Italy), as a group, registered a slight decrease in their collective share of all arms transfer agreements with developing nations between 1997 and 1998. This group's share fell from 36.7% in 1997 to 35.7%

in 1998. The collective value of this group's arms transfer agreements with developing nations in 1998 was \$4.7 billion compared with a total of over \$6.1 billion in 1997. Of these four, France was the principal supplier with \$2.4 billion in agreements, a notable decline from \$4.7 billion in 1997. However, in 1994 and 1997, France did rank first among all suppliers to developing nations. The French agreements total in 1998 was primarily based on a contract for the sale to the United Arab Emirates of 30 Mirage 2000-9 fighter aircraft. The United Kingdom registered a notable decline in arms agreements from over \$1 billion in 1997 to \$200 million in 1998. Italy registered a decline from \$300 million in 1997 to \$100 million in 1998. In 1997, Germany's agreements with developing nations were about \$100 million, but in 1998 they rose significantly to \$2 billion, based in part on a contract with Malaysia to build jointly the first six of 27 offshore patrol vessels (Tables 1A and 1B).

As a group, the major West European suppliers held a 34.5% share of all arms transfer agreements with developing nations during the period from 1991-1998. Since the end of the Cold War, the major West European suppliers have generally maintained a notable share of arms transfer agreements. For the 1995-1998 period, they collectively held 28.6% of all arms transfer agreements with developing nations (over \$19 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 1992, 1993, 1994 and 1997 (\$9.8 billion, \$4.3 billion, \$8.5 billion and \$4.7 billion respectively). The United Kingdom also had large agreement years in 1993 (\$2.6 billion) and 1996 (\$2.1 billion) (in constant 1998 dollars). For both nations, these totals have reflected the conclusion of a few large arms contracts with one or more major purchasers in a given year (Tables 1A and 1B).

Major West European suppliers have had their competitive standing in weapons exports enhanced by historically strong government marketing support for foreign arms sales. Because they can produce both advanced and basic air, ground, and naval weapons systems, the four major West European suppliers have proven capable of competing successfully with the United States and Russia for arms sales contracts with developing nations. Nonetheless, a declining global marketplace for conventional weapons may make it more difficult for individual West European suppliers to secure large new weapons contracts with developing nations. Accordingly, some of these suppliers may decide not to compete for sales of some weapons categories, reducing or eliminating some categories they currently produce. Instead, they may seek joint production ventures with other key European weapons suppliers or purchasers in an effort to sustain key elements of their respective defense industrial bases.

Regional Arms Transfer Agreements

In the Near East, the Persian Gulf War from August 1990-February 1991 played a major role in stimulating high levels of arms transfer agreements with nations in that region. The war created new demands by key Near East nations such as Saudi Arabia, the United Arab Emirates, and other members of the Gulf Cooperation Council (GCC), for a variety of advanced weapons systems. These demands were not only a response to Iraq's aggression against Kuwait, but an effort to address concerns regarding perceived threats from a potentially hostile Iran. In Asia, efforts focused on upgrading and modernizing defense forces in several countries have led to important new conventional weapons sales in that region. Russian has also developed a significant role as principal supplier of advanced conventional arms to China. Data on regional arms transfer agreements from 1991-1998 continue to reflect the primacy of developing nations in the Near East and Asian regions as consumers of conventional weaponry.

Near East

The Near East has generally been the largest arms market in the developing world. In 1991-1994 it accounted for 60.8% of the total value of all developing nations arms transfer agreements (\$50.5 billion in current dollars). During 1995-1998, the region accounted for 44.2% of all such agreements (\$28.6 billion in current dollars).

The United States has dominated arms transfer agreements with the Near East during the 1991-1998 time period with 42.3% of their total value (\$33.5 billion in current dollars). France was second during these years with 27.8% (\$22 billion in current dollars). Recently, from 1995-1998, the United States accounted for 35.1% of arms agreements with this region (over \$10 billion in current dollars), while France accounted for 31.1% of the region's arms agreements (\$8.9 billion in current dollars), representing most of the arms transfer agreements by the major West European suppliers with the Near East.

Asia

Asia has generally been the second largest developing world arms market. In the earlier period (1991-1994), Asia accounted for 32.5% of the total value of all arms transfer agreements with developing nations (nearly \$27 billion in current dollars). During 1995-1998, the region accounted for 44.4% of all such agreements (\$28.7 billion in current dollars), which was fractionally higher than the 44.2% share (\$28.6 billion) held by Near East region during these same four years.

In the earlier period (1991-1994), France ranked first in the value of arms transfer agreements with Asia with over 35.9%. Russia ranked second with 25.2%. The major West European suppliers, as a group, made 48.5% of this region's agreements in 1991-1994. In the later period (1995-1998), Russia ranked first in Asian agreements with 40% on the strength of major aircraft sales to China and India. The United States ranked second with 15.8%. The major West European suppliers, as a group, made about 23.7% of this region's agreements in 1995-1998.

Leading Developing Nations Arms Purchasers

Saudi Arabia has been, by a clear margin, the leading developing world arms purchaser from 1991-1998, making arms transfer agreements totaling \$32.2 billion during these years (in current dollars). In the 1991-1994 period, the value of its arms transfer agreements was high (\$24.3 billion). From 1995-1998, however, the total value of Saudi Arabia's arms transfer agreements dropped significantly to \$7.9 billion (in current dollars). This decline resulted from Saudi debt obligations stemming from the Persian Gulf War era, coupled with a significant fall in Saudi revenues caused by the notable decline in the market price of its oil. The total value of all arms transfer agreements with developing nations from 1991-1998 was about \$147.8 billion (in current dollars). Saudi Arabia alone was responsible for over 21.8% of all developing world arms transfer agreements during these eight years. In the most recent period-1995-1998, Saudi Arabia alone accounted for 12.3% of all developing world arms transfer agreements (\$7.9 billion out of \$64.4 billion in current dollars) (Table 1).

The values of the arms transfer agreements of the top ten developing world recipient nations in both the 1991-1994 and 1995-1998 time periods accounted for the major portion of the total developing nations arms market. During 1991-1994 the top ten collectively accounted for 91.9%

of all developing world arms transfer agreements. During 1995-1998 the top ten collectively accounted for 72.4% of all such agreements. Arms transfer agreements with the top ten developing world recipients, as a group, totaled \$11.2 billion in 1998 or 85% of all arms transfer agreements with developing nations in that year. This reflects the continued concentration of major arms purchases in a few nations. (Tables 1 and 1I).

Saudi Arabia ranked first among all developing world recipients in the value of arms transfer agreements in 1998, concluding \$2.7 billion in such agreements. The United Arab Emirates (U.A.E.) ranked second in agreements in 1998 at \$2.5 billion. Malaysia ranked third with \$2.1 billion in agreements.

Saudi Arabia was the leading recipient of arms deliveries among developing world recipients in 1998, receiving \$8.7 billion in such deliveries. Saudi Arabia alone received 37.5% of the total value of all arms deliveries to developing nations in 1998. Taiwan ranked second in arms deliveries in 1998 with \$5 billion; Singapore ranked third with \$1.6 billion (Table 2).

Arms deliveries to the top ten developing nation recipients, as a group, constituted \$23 billion, or 99.1 % of all arms deliveries to developing nations in 1998. Six of the top ten recipients were in the Near East region (Table 2).

Weapon Types Recently Delivered to Near East Nations

Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though Russia, the United States and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers and some non-European suppliers, including China, are capable of being leading suppliers of selected types of conventional armaments to developing nations (Table 3).

Weapons deliveries to the Near East, the largest purchasing region in the developing world, reflect the substantial quantities and types delivered by both major and lesser suppliers. The following is an illustrative summary of weapons deliveries to this region for the period 1995-1998.

United States

- 817 tanks and self-propelled guns
- 69 artillery pieces
- 2,727 APCs and armored cars
- 13 minor surface combatants
- 126 supersonic combat aircraft
- 90 helicopters
- 1,284 surface-to-air missiles (SAMs)
- 287 anti-ship missiles

Russia

- 290 tanks and self-propelled guns
- 610 APCs and armored cars
- 1 submarine
- 10 supersonic combat aircraft
- 90 helicopters
- 140 surface-to-air missiles (SAMs)

China

- 8 guided missile boats
- 10 supersonic combat aircraft
- 120 anti-ship missiles

Major West European suppliers

- 220 tanks and self-propelled guns
- 340 APCs and armored cars
- 2 major surface combatants
- 14 minor surface combatants
- 8 guided missile boats
- 30 supersonic combat aircraft
- 350 surface-to-air missiles (SAMs)
- 20 anti-ship missiles

All other European suppliers

- 200 tanks and self-propelled guns
- 880 APCs and armored cars
- 2 major surface combatants
- 15 minor surface combatants
- 10 supersonic combat aircraft

All other suppliers

- 3 minor surface combatants
- 30 surface-to-air-missiles

Large numbers of major combat systems were delivered to the Near East region from 1995-1998, in particular, tanks and self-propelled guns, armored vehicles, minor surface combatants, artillery pieces, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The

United States made significant deliveries of supersonic combat aircraft to the region. Russia, the United States, and European suppliers generally were the principal suppliers of tanks and self-propelled guns. These two weapons categories-supersonic combat aircraft and tanks and self-propelled guns-are especially costly and are an important part of the dollar values of arms deliveries of Russia and the United States to the Near East region during the 1995-1998 period. The cost of naval combatants is generally high, and suppliers of such systems during this period had their deliveries values totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are deadly and can create important security threats within the region. In particular, from 1995-1998, the United States delivered 287 anti-ship missiles; China delivered 120. China also delivered 8 guided missile boats, as did the major West European suppliers collectively.

Table 1. Arms Transfer Agreements with Developing Nations, by Supplier, 1991-1998
(in millions of current U.S. dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	6,927	2,183	12,761	5,795	2,867	5,153	2,569	4,569	42,824
U.S.S.R./Russia*	7,100	1,400	1,200	3,700	5,300	4,600	3,100	1,400	27,800
France	3,100	8,600	3,900	7,800	2,400	1,400	4,600	2,400	34,200
United Kingdom	300	1,800	2,300	700	600	2,000	1,000	200	8,900
China	600	500	500	700	200	800	1,600	500	5,400
Germany	1,500	200	1,000	0	300	0	100	2,000	5,100
Italy	100	500	300	200	800	300	300	100	2,600
All Other European	1,500	1,200	500	1,800	2,400	2,800	2,000	1,000	13,200
All Others	500	1,100	600	500	1,300	1,700	1,100	1,000	7,800
TOTAL	21,627	17,483	23,061	21,195	16,167	18,753	16,369	13,169	147,824

**Dollar inflation
index: (1998=1.00) 0.8604 0.8768 0.9021 0.9227 0.9407 0.9604 0.9801 1.0000

Source: U.S. Government.

Note: Developing nations category excludes the U.S., former U.S.S.R., Europe, Canada, Japan, Australia and New Zealand. All data are for the calendar year given except for U.S. MAP (Military Assistance Program) and IMET (International Military Education and Training) data which are included for the particular fiscal year. All amounts given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. Statistics for foreign countries are based upon estimated selling prices. U.S. commercial sales contract values are excluded. All foreign data are rounded to the nearest \$100 million.

*Prior to 1992 reflects data for the former Soviet Union.

**Based on Department of Defense Price Deflator.

UNITED STATES COMMERCIAL ARMS EXPORTS

U.S. commercial sales and deliveries data are excluded from the main data tables. This is done because the data maintained on U.S. commercial sales agreements and deliveries are incomplete, and not collected or revised on an on-going basis, making them significantly less precise than those for the U.S. Foreign Military Sales (FMS) program, which account for the overwhelming portion of U.S. conventional arms transfer agreements and deliveries involving weapons systems. There are no official compilations of commercial agreement data comparable to that for the FMS program maintained on an annual basis. Once an exporter receives from the State Department a commercial license approval—valid for four years—there is no current requirement that the exporter provide the State Department, on a systematic and on-going basis, with comprehensive details regarding any sales contract that may result from the license approval, including if any such contract is reduced in scope or canceled. Annual commercial deliveries data are obtained from shipper's export documents and completed licenses returned from ports of exit by the U.S. Customs Service to the Office of Defense Trade Controls (PM/DTQ of the State Department, which makes the final compilation.) This approach to obtaining commercial deliveries data is also much less systematic and much less timely than that taken by the Department of Defense for government-to-government transactions.

The annual rank of the United States in deliveries to developing nations in the period from 1991-1998 has possibly been affected—in a couple of prior years—by exclusion of the existing data on U.S. commercial arms deliveries to those nations (see Table 2). Since the total values of all U.S. deliveries are understated by exclusion of commercial arms deliveries figures, those commercial data are provided here to complete this element of the available record. It should be noted that the U.S. is the only major arms supplier that has two distinct systems for the export of weapons, the government-to-government (FMS) system and the licensed commercial export system. The values of U.S. commercial arms deliveries to developing nations for fiscal years 1991-1998, in current dollars, according to the State Department, were as follows:

FY 1991	\$1,644,000,000
FY 1992	\$627,000,000
FY 1993	\$701,000,000
FY 1994	\$818,000,000
FY 1995	\$908,000,000
FY 1996	\$461,000,000
FY 1997	\$276,000,000
FY 1998	\$151,000,000

Table 1A. Arms Transfer Agreements with Developing Nations, by Supplier, 1991-1998
(in millions of constant 1998 U.S. dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	8,051	2,490	14,146	6,280	3,048	5,365	2,621	4,569	46,570
U.S.S.R./Russia	8,252	1,597	1,330	4,010	5,634	4,790	3,163	1,400	30,176
France	3,603	9,808	4,323	8,453	2,551	1,458	4,693	2,400	37,289
United Kingdom	349	2,053	2,550	759	638	2,082	1,020	200	9,651
China	697	570	554	759	213	833	1,632	500	5,758
Germany	1,743	228	1,109	0	319	0	102	2,000	5,501
Italy	116	570	333	217	850	312	306	100	2,804
All Other European	1,743	1,369	554	1,951	2,551	2,915	2,041	1,000	14,124
All Others	581	1,255	665	542	1,382	1,770	1,122	1,000	8,317
TOTAL	25,135	19,940	25,564	22,971	17,186	19,525	16,700	13,169	160,190

Table 1B. Arms Transfer Agreements with Developing Nations, by Supplier, 1991-1998
(expressed as a percent of total, by year)

	1991	1992	1993	1994	1995	1996	1997	1998
United States	32.03%	12.49%	55.34%	27.34%	17.73%	27.48%	15.69%	34.70%
U.S.S.R./Russia	32.83%	8.01%	5.20%	17.46%	32.78%	24.53%	18.94%	10.63%
France	14.33%	49.19%	16.91%	36.80%	14.85%	7.47%	28.10%	18.22%
United Kingdom	1.39%	10.30%	9.97%	3.30%	3.71%	10.66%	6.11%	1.52%
China	2.77%	2.86%	2.17%	3.30%	1.24%	4.27%	9.77%	3.80%
Germany	6.94%	1.14%	4.34%	0.00%	1.86%	0.00%	0.61%	15.19%
Italy	0.46%	2.86%	1.30%	0.94%	4.95%	1.60%	1.83%	0.76%
All Other European	6.94%	6.86%	2.17%	8.49%	14.85%	14.93%	12.22%	7.59%
All Others	2.31%	6.29%	2.60%	2.36%	8.04%	9.07%	6.72%	7.59%
[Major West European*	23.12%	63.49%	32.52%	41.05%	25.36%	19.73%	36.65%	35.69%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, and Italy.

**Table 1F. Arms Transfer Agreements with Developing Nations, 1991-1998:
Leading Suppliers Compared (in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1991-1994
1	U.S.	27,666
2	France	23,400
3	U.S.S.R./Russia	13,400
4	U.K.	5,100
5	Germany	2,700
6	China	2,300
7	Italy	1,100
8	Spain	900
9	Netherlands	700
10	Israel	700
11	Czech Republic	500

Rank	Supplier	Agreements Value 1995-1998
1	U.S.	15,148
2	Russia	14,400
3	France	10,800
4	U.K.	3,800
5	China	3,100
6	Germany	2,400
7	Israel	1,700
8	Ukraine	1,600
9	Italy	1,500
10	Belarus	1,500
11	South Africa	1,200

Rank	Supplier	Agreements Value 1991-1998
1	U.S.	42,814
2	France	34,200
3	U.S.S.R./Russia	27,800
4	U.K.	8,900
5	China	5,400
6	Germany	5,100
7	Italy	2,600
8	Israel	2,400
9	Ukraine	1,700
10	Belarus	1,600
11	South Africa	1,200

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

**Table 1G. Arms Transfer Agreements with Developing Nations in 1998:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1998
1	U.S.	4,569
2	France	2,400
3	Germany	2,000
4	Russia	1,400
5	Israel	500
6	China	500
7	Belarus	500
8	U.K.	200
9	Bulgaria	200
10	Italy	100
11	Ukraine	100

Source: U.S. Government

Note: All foreign data are rounded to the nearest \$100 million.
Where data totals are the same, the actual rank order is maintained.

**Table 11. Arms Transfer Agreements of Developing Nations,
1991-1998 Agreements by the Leading Recipients
(in millions of current U.S. dollars)**

Rank	Recipient	Agreements Value 1991-1994
1	Saudi Arabia	24,300
2	Taiwan	15,800
3	U.A.E.	7,600
4	Kuwait	5,800
5	South Korea	4,800
6	Egypt	4,500
7	Iran	4,300
8	Israel	3,900
9	China	3,100
10	Malaysia	2,500

Rank	Recipient	Agreements Value 1995-1998
1	Saudi Arabia	7,900
2	U.A.E.	7,300
3	China	6,900
4	India	6,300
5	Egypt	5,000
6	South Korea	3,600
7	Malaysia	3,200
8	Israel	2,900
9	Kuwait	1,900
10	Indonesia	1,700

Rank	Recipient	Agreements Value 1991-1998
1	Saudi Arabia	32,200
2	Taiwan	15,890
3	U.A.E.	15,000
4	China	10,000
5	Egypt	9,500
6	South Korea	8,400
7	Kuwait	7,700
8	India	7,500
9	Israel	6,800
10	Malaysia	5,700

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the rank order is maintained.

Table 2. Arms Deliveries to Developing Nations, by Supplier, 1991-1998
(in millions of current U.S. dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	4,395	5,854	6,474	4,618	7,584	5,769	10,787	7,805	53,286
U.S.S.R./Russia*	6,000	2,500	1,900	1,400	2,800	2,200	1,800	1,700	20,300
France	1,500	1,100	800	2,000	3,000	2,900	5,600	6,200	23,100
United Kingdom	3,900	5,400	3,800	4,700	4,900	5,800	5,800	4,800	39,100
China	1,400	1,000	1,100	700	700	600	1,000	500	7,000
Germany	1,200	200	600	800	800	400	100	500	4,600
Italy	100	100	0	100	200	100	600	0	1,200
All Other European	1,000	1,800	1,300	2,200	2,300	2,500	3,200	1,100	15,400
All Others	1,000	1,100	1,100	1,100	1,100	1,100	800	600	7,900
TOTAL	20,495	19,054	17,074	17,618	23,384	21,369	29,687	23,205	171,886
Dollar inflation index (1998=100.00)**	0.8604	0.8768	0.9021	0.9227	0.9407	0.9604	0.9801	1	

Source: U.S. Government.

Note: Developing nations category excludes the U.S., Russia, former U.S.S.R., Europe, Canada, Japan, Australia and New Zealand. All data are for the calendar year given. All amounts given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. Statistics for foreign countries are based upon estimated selling prices. U.S. commercial sales delivery values are excluded. All foreign data are rounded to the nearest \$100 million.

*Prior to 1992 reflects data for the former Soviet Union.

**Based on Department of Defense Price Deflator.

Table 2A. Arms Deliveries to Developing Nations, by Supplier, 1990-1997
(in millions of constant 1998 dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	5,108	6,677	7,177	5,005	8,062	6,007	11,006	7,805	56,847
U.S.S.R./Russia	6,974	2,851	2,106	1,517	2,977	2,291	1,837	1,700	22,253
France	1,743	1,255	887	2,168	3,189	3,020	5,714	6,200	24,176
United Kingdom	4,533	6,159	4,212	5,094	5,209	6,039	5,918	4,800	41,964
China	1,627	1,141	1,219	759	744	625	1,020	500	7,635
Germany	1,395	228	665	867	850	416	102	500	5,023
Italy	116	114	0	108	213	104	612	0	1,267
All Other European	1,162	2,053	1,441	2,384	2,445	2,603	3,265	1,100	16,453
All Others	1,162	1,255	1,219	1,192	1,169	1,145	816	600	8,558
TOTAL	23,820	21,733	18,926	19,094	24,858	22,250	30,290	23,205	184,176

Table 2B. Arms Deliveries to Developing Nations, by Supplier, 1991-1998
(expressed as a percent of total, by year)

	1991	1992	1993	1994	1995	1996	1997	1998
United States	21.44%	30.72%	37.92%	26.21%	32.43%	27.00%	36.34%	33.63%
U.S.S.R./Russia	29.28%	13.12%	11.13%	7.95%	11.97%	10.30%	6.06%	7.33%
France	7.32%	5.77%	4.69%	11.35%	12.83%	13.57%	18.86%	26.72%
United Kingdom	19.03%	28.34%	22.26%	26.68%	20.95%	27.14%	19.54%	20.69%
China	6.83%	5.25%	6.44%	3.97%	2.99%	2.81%	3.37%	2.15%
Germany	5.86%	1.05%	3.51%	4.54%	3.42%	1.87%	0.34%	2.15%
Italy	0.49%	0.52%	0.00%	0.57%	0.86%	0.47%	2.02%	0.00%
All Other European	4.88%	9.45%	7.61%	12.49%	9.84%	11.70%	10.78%	4.74%
All Others	4.88%	5.77%	6.44%	6.24%	4.70%	5.15%	2.69%	2.59%
Major West European*	32.69%	35.69%	30.46%	43.14%	38.06%	43.05%	40.76%	49.56%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

**Table 2F. Arms Deliveries to Developing Nations, 1991-1998:
Leading Suppliers Compared (in millions of current U.S. dollars)**

Rank	Supplier	Deliveries Value 1991-1994
1	U.S.	21,341
2	U.K.	17,800
3	U.S.S.R./Russia.	11,800
4	France	5,400
5	China	4,200
6	Germany	2,800
7	Israel	1,900
8	Sweden	1,500
9	Canada	700
10	North Korea	600
11	Spain	600

Rank	Supplier	Deliveries Value 1995-1998
1	U.S.	31,945
2	U.K.	21,300
3	France	17,700
4	Russia	8,500
5	China	2,800
6	Sweden	2,200
7	Germany	1,800
8	Israel	1,500
9	Ukraine	1,300
10	Netherlands	1,000
11	South Africa	900

Rank	Supplier	Deliveries Value 1991-1998
1	U.S.	53,286
2	U.K.	39,100
3	France	23,100
4	U.S.S.R./Russia	20,300
5	China	7,000
6	Germany	4,600
7	Sweden	3,700
8	Israel	3,400
9	Canada	1,500
10	South Africa	1,500
11	Ukraine	1,300

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Table 2G. Arms Deliveries to Developing Nations in 1998: Leading Suppliers Compared
(in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 1998
1	U.S.	7,805
2	France	6,200
3	United Kingdom	4,800
4	Russia	1,700
5	Germany	500
6	China	500
7	Ukraine	400
8	Israel	200
9	Bulgaria	200
10	Netherlands	200
11	South Africa	100

Source: U.S. Government

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Table 3. Number of Weapons Delivered by Major Suppliers to Developing Nations

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1991-1994						
Tanks and Self-Propelled Guns	1429	1040	470	130	520	240
Artillery	257	650	880	7760	1290	270
APCs and Armored Cars	1334	1050	20	270	700	350
Major Surface Combatants	0	2	4	28		5
Minor Surface Combatants	34	14	16	68	23	47
Guided Missile Boats	0	0	9	4	0	2
Submarines	0	3	0	6	0	0
Supersonic Combat Aircraft	224	80	90	20	10	170
Subsonic Combat Aircraft	104	0	60	80	0	20
Other Aircraft	87	50	90	80	170	100
Helicopters	180	200	0	200	70	30
Surface-to-Air Missiles	1467	1030	310	2230	490	330
Surface-to-Surface Missiles	0	150	110	0	0	150
Anti-Ship Missiles	87	60	90	40	0	0
1995-1998						
Tanks and Self-Propelled Guns	1202	320	280	290	1000	50
Artillery	178	40	180	160	150	180
APCs and Armored Cars	2843	680	160	870	1260	70
Major Surface Combatants	3	0	0	32	3	0
Minor Surface Combatants	48	4	16	23	28	29
Guided Missile Boats	0	0	14	1 '2	0	3
Submarines	0	5	0	5	0	2
Supersonic Combat Aircraft	365	100	100	10D	90	30
Subsonic Combat Aircraft	43	0	0	60	30	30
Other Aircraft	24	40	60	70	160	60
Helicopters	187	260		40	100	20
Surface-to-Air Missiles	1465	1470	330	1740	2330	160
Surface-to-Surface Missiles	0	0	0	0	0	10
Anti-Ship Missiles	390	70	160	50	0	10

Source: U.S. Government.

Note: Developing nations category excludes the U.S., Russia, former U.S.S.R., Europe, Canada, Japan, Australia and New Zealand. All data are for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Worldwide Arms Transfer Agreements and Deliveries Values, 1991-1998

The six tables below, Tables 8, 8A and 8B and Tables 9, 9A and 9B, provide the total dollar values of arms transfer agreements and arms deliveries worldwide in the same format and detail as do Tables 1, 1A and 1B and Tables 2, 2A and 2B for arms transfer agreements with arms deliveries to developing nations.

Total Worldwide Arms Transfer Agreements Values, 1991-1998

Table 8 shows the annual current dollar values of arms transfer agreements worldwide. Since these figures do not allow for the effects of inflation, they are, by themselves, of limited use. They provide, however, the data from which Tables 8A (constant dollars) and 8B (supplier percentages) are derived. Some of the more notable facts reflected by these data are summarized below. Unless otherwise noted dollar values are expressed in constant 1998 dollars.

- The United States ranked first among all suppliers to the world in the value of arms transfer agreements from 1995-1998, and first for the entire period from 1991-1998.
- Russia ranked second among all suppliers to the world in the value of arms transfer agreements from 1995-1998, and third from 1991-1998.
- France ranked third among all suppliers to the world in the value of arms transfer agreements from 1995-1998, and second from 1991-1998.
- The United Kingdom ranked fourth among all suppliers to the world in the value of arms transfer agreements from 1995-1998, and fourth from 1991-1998.
- In 1998, the value of all arms transfer agreements worldwide was nearly \$23 billion. This is the second lowest total for arms transfer agreements in any year since 1991, although an increase over the lowest total in 1997 which was \$21.4 billion.
- In 1998, the United States was the leader in arms transfer agreements with the world, making about \$7.1 billion in such agreements, or 30.8% of all arms transfer agreements. Germany ranked second with \$5.5 billion in arms transfer agreements, or 23.9% of all such agreements. France ranked third with \$3 billion or 13.1%. United States agreements increased notably from about \$5.7 billion in 1997 to about \$7.1 billion in 1998. France's arms transfer agreements fell significantly from about \$5 billion in 1997 to \$3 billion in 1998.
- The United States, Germany and France, the top three arms suppliers to the world in 1998 respectively-ranked by the value of their arms transfer agreements-collectively made agreements in 1998 valued at nearly \$15.6 billion, 67.8% of all arms transfer agreements made with the world by all suppliers.
- The total value of all arms transfer agreements worldwide from 1995-1998 (\$100.3 billion) was notably less than the value of arms transfer agreements by all suppliers worldwide from 1991-1994 (\$130.6 billion), a decline of 23.2%.

- During the period from 1991-1994, developing world nations accounted for 71.7% of all arms transfer agreements made worldwide. During 1995-1998, developing world nations accounted for 66.4% of all arms transfer agreements made worldwide.

- In 1998, developing nations were recipients of 57.3% of all arms transfer agreements made worldwide.

Total Worldwide Arms Delivery Values, 1991-1998

Table 9 shows the annual current dollar values of arms deliveries (items actually transferred) worldwide by major suppliers from 1991-1998. The utility of these data is that they reflect transfers that have occurred. They provide the data from which Tables 9A (constant dollars) and 9B (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below. Unless otherwise noted the dollar values noted are expressed in constant 1998 dollars.

- In 1998, the United States ranked first in the value of arms deliveries worldwide, making over \$10.5 billion in such deliveries. This is the eighth year in a row the United States has led in such deliveries, largely reflecting implementation of arms agreements concluded during and immediately after the Persian Gulf war.

- France ranked second in arms deliveries worldwide in 1998, making \$6.5 billion in such deliveries.

- The United Kingdom ranked third in arms deliveries worldwide in 1998, making \$5.3 billion each in such deliveries.

- In 1998, the top three suppliers of arms to the world, the United States, France and the United Kingdom, collectively delivered over \$22.3 billion, 74.9% of all arms deliveries made worldwide by all suppliers.

- The U.S. share of all arms deliveries worldwide in 1998 was 35.3%, down from its 38.7% share in 1997. France's share in 1998 was 21.8%, its highest percentage of deliveries in any year from 1991-1998. Russia's share of all arms deliveries to the world in 1998 was 6.7%, up from 6.2% in 1997.

- In 1998 the value of all arms deliveries worldwide was over \$29.8 billion. This is a significant decline in the total value of arms deliveries from the previous year (nearly \$37.8 billion), measured in constant 1998 dollars.

- During the period from 1991-1994, developing world nations accounted for 69.4% of all arms of all arms deliveries received worldwide. During 1995-1998, developing world nations accounted for 76.7% of all arms deliveries worldwide.

- In 1998, developing nations were recipients of arms accounted for 77.8% of all arms deliveries received worldwide.

- The total value of all arms deliveries by all suppliers worldwide from 1995-1998 (\$131.2 billion) was a notable increase from the value of arms deliveries by all suppliers

worldwide from 1991-1994 (nearly \$120.4 billion)(in constant 1998 dollars), an increase of 9% (Table 9A).

Description of Items Counted in Weapons Categories, 1991-1998

Tanks and Self-propelled Guns: This category includes light, medium, and heavy tanks; self-propelled artillery; self-propelled assault guns.

Artillery: This category includes field and air defense artillery, mortars, rocket launchers and recoilless rifles-100 mm and over; FROG launchers-100 mm and over.

Armored Personnel Carriers (APCs) and Armored Cars: This category includes personnel carriers, armored and amphibious; armored infantry fighting vehicles; armored reconnaissance and command vehicles.

Major Surface Combatants: This category includes aircraft carriers, cruisers, destroyers, frigates.

Minor Surface Combatants: This category includes mine sweepers, subchasers, motor torpedo boats, patrol craft, motor gunboats.

Submarines: This category includes all submarines, including midget submarines.

Guided Missile Patrol Boats: This category includes all boats in this class.

Supersonic Combat Aircraft: This category includes all fighter and bomber aircraft designed to function operationally at speeds above Mach 1.

Subsonic Combat Aircraft: This category includes all fighter and bomber aircraft, including those propeller driven, designed to function operationally at speeds below Mach 1.

Other Aircraft: This category includes all other fixed-wing aircraft, including trainers, transports, reconnaissance aircraft, and communications/utility aircraft.

Helicopters: This category includes all helicopters, including combat and transport.

Surface-to-air Missiles: This category includes all ground-based air defense missiles.

Surface-to-surface Missiles: This category includes all surface-to-surface missiles without regard to range, such as SCUDS and CSS-2s. It excludes all anti-tank missiles and all anti-ship missiles.

Anti-ship Missiles: This category includes all missiles in this class such as the Harpoon, Silkworm, Styx and Exocet.

Table 8. Arms Transfer Agreements with the World, by Supplier, 1991-1998
(in millions of current U.S. dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	10,150	8,753	19,363	10,967	6,771	8,117	5,586	7,081	76,788
U.S.S.R./Russia*	7,100	1,800	2,400	3,900	7,600	5,100	3,300	1,700	32,900
France	3,500	9,000	5,000	8,400	2,600	2,800	4,900	3,000	39,200
United Kingdom	400	1,800	2,800	700	800	4,700	1,000	1,200	13,400
China	600	500	500	700	200	1,000	1,600	700	5,800
Germany	1,500	1,300	1,300	1,200	500	100	600	5,500	12,000
Italy	300	500	400	200	1,100	400	300	1,000	4,200
All Other European	2,000	2,200	900	2,600	2,900	3,700	2,200	1,600	18,100
All Others	700	1,200	1,100	700	1,900	2,900	1,500	1,200	11,200
TOTAL	26,250	27,053	33,763	29,367	24,371	28,817	20,986	22,981	213,588

Dollar inflation index

(1998=1.00)** 0.8604 0.8768 0.9021 0.9227 0.9407 0.9604 0.9801 1

Source: U.S. Government.

Note: All data are for the calendar year given except for U.S. MAP (Military Assistance Program) and IMET (International Military Education and Training) data which are included for the particular fiscal year. All amounts given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. Statistics for foreign countries are based upon estimated selling prices. U.S. commercial sales contract values are excluded. All foreign data are rounded to the nearest \$100 million.

*Prior to 1992 reflects data for the former Soviet Union.

**Based on Department of Defense Price Deflator.

Table 8A. Arms Transfer Agreements with the World, 1991-1998
(in millions of constant 1998 dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	11,797	9,983	21,464	11,886	7,198	8,452	5,699	7,081	83,560
U.S.S.R./Russia	8,252	2,053	2,660	4,227	8,079	5,310	3,367	1,700	35,648
France	4,068	10,265	5,543	9,104	2,764	2,915	4,999	3,000	42,658
United Kingdom	465	2,053	3,104	759	850	4,894	1,020	1,200	14,345
China	697	570	554	759	213	1,041	1,632	700	6,167
Germany	1,743	1,483	1,441	1,301	532	104	612	5,500	12,715
Italy	349	570	443	217	1,169	416	306	1,000	4,471
All Other European	2,325	2,509	998	2,818	3,083	3,853	2,245	1,600	19,429
All Others	814	1,369	1,219	759	2,020	3,020	1,530	1,200	11,930
TOTAL	30,509	30,854	37,427	31,827	25,907	30,005	21,412	22,981	230,923

Table 8B. Arms Transfer Agreements with the World, by Supplier, 1991-1998
(expressed as a percent of total, by year)

	1991	1992	1993	1994	1995	1996	1997	1998
United States	38.67%	32.36%	57.35%	37.34%	27.78%	28.17%	26.62%	30.81%
U.S.S.R./Russia	27.05%	6.65%	7.11%	13.28%	31.18%	17.70%	15.72%	7.40%
France	13.33%	33.27%	14.81%	28.60%	10.67%	9.72%	23.35%	13.05%
United Kingdom	1.52%	6.65%	8.29%	2.38%	3.28%	16.31%	4.77%	5.22%
China	2.29%	1.85%	1.48%	2.38%	0.82%	3.47%	7.62%	3.05%
Germany	5.71%	4.81%	3.85%	4.09%	2.05%	0.35%	2.86%	23.93%
Italy	1.14%	1.85%	1.18%	0.68%	4.51%	1.39%	1.43%	4.35%
All Other European	7.62%	8.13%	2.67%	8.85%	11.90%	12.84%	10.48%	6.96%
All Others	2.67%	4.44%	3.26%	2.38%	7.80%	10.06%	7.15%	5.22%
[Major West European*	21.71%	46.58%	28.14%	35.75%	20.52%	27.76%	32.40%	46.56%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*•Major West European category includes France, United Kingdom Germany, and Italy.

Table 9. Arms Deliveries to the World, by Supplier, 1991-1998
(in millions of current U.S. dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	7,077	8,075	9,183	7,672	9,762	8,897	14,311	10,531	75,508
U.S.S.R./Russia*	6,200	2,500	3,200	1,700	3,500	3,000	2,300	2,000	24,400
France	2,100	2,100	1,500	2,600	3,800	3,500	5,900	6,500	28,000
United Kingdom	4,900	6,100	4,600	5,200	5,300	6,200	6,500	5,300	44,100
China	1,400	1,000	1,200	700	700	600	1,000	600	7,200
Germany	2,400	1,200	1,700	1,600	1,700	1,900	700	1,600	12,800
Italy	300	500	400	200	200	100	700	100	2,500
All Other European	2,200	3,900	2,400	3,500	3,600	3,700	4,000	1,800	25,100
All Others	1,800	1,700	1,900	2,300	2,000	2,000	1,600	1,400	14,700
TOTAL	28,377	27,075	26,083	25,472	30,562	29,897	37,011	29,831	234,308

Dollar inflation
index (1998=1.00)** 0.8604 0.8768 0.9021 0.9227 0.9407 0.9604 0.9801 1

Source: U.S. Government.

Note: All data are for the calendar year given. All amounts given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. Statistics for foreign countries are based upon estimated selling prices. U.S. commercial sales delivery values are excluded. All foreign data are rounded to the nearest \$100 million.

*Prior to 1992 reflects data for the former Soviet Union.

**Based on Department of Defense Deflator.

Table 9A. Arms Deliveries to the World, by Supplier, 1991-1998
(in millions of constant 1998 U.S. dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL 1991-1998
United States	8,225	9,210	10,180	8,315	10,377	9,264	14,602	10,531	80,703
U.S.S.R./Russia	7,206	2,851	3,547	1,842	3,721	3,124	2,347	2,000	26,638
France	2,441	2,395	1,663	2,818	4,040	3,644	6,020	6,500	29,520
United Kingdom	5,695	6,957	5,099	5,636	5,634	6,456	6,632	5,300	47,409
China	1,627	1,141	1,330	759	744	625	1,020	600	7,846
Germany	2,789	1,369	1,884	1,734	1,807	1,978	714	1,600	13,876
Italy	349	570	443	217	213	104	714	100	2,710
All Other European	2,557	4,448	2,660	3,793	3,827	3,853	4,081	1,800	27,019
All Others	2,092	1,939	2,106	2,493	2,126	2,082	1,632	1,400	15,871
TOTAL	32,981	30,880	28,914	27,606	32,489	31,130	37,762	29,831	251,593

Table 9B. Arms Deliveries to the World, by Supplier, 1991-1998
(expressed as a percent of total, by year)

	1991	1992	1993	1994	1995	1996	1997	1998
United States	24.94%	29.82%	35.21%	30.12%	31.94%	29.76%	38.67%	35.30%
U.S.S.R./Russia	21.85%	9.23%	12.27%	6.67%	11.45%	10.03%	6.21%	6.70%
France	7.40%	7.76%	5.75%	10.21%	12.43%	11.71%	15.94%	21.79%
United Kingdom	17.27%	22.53%	17.64%	20.41%	17.34%	20.74%	17.56%	17.77%
China	4.93%	3.69%	4.60%	2.75%	2.29%	2.01%	2.70%	2.01%
Germany	8.46%	4.43%	6.52%	6.28%	5.56%	6.36%	1.89%	5.36%
Italy	1.06%	1.85%	1.53%	0.79%	0.65%	0.33%	1.89%	0.34%
All Other European	7.75%	14.40%	9.20%	13.74%	11.78%	12.38%	10.81%	6.03%
All Others	6.34%	6.28%	7.28%	9.03%	6.54%	6.69%	4.32%	4.69%
[Major West European*	34.18%	36.57%	31.44%	37.69%	35.99%	39.13%	37.29%	45.25%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.